

GENERAL COUNSEL'S REPORT

December 13, 2017

C. University of Tennessee Medical Center, Knoxville (Knox County), TN CN1409-042A

Unanimously approved on 12/17/2014 to expand and renovate the neonatal intensive care unit (NICU), to add a new 16 bed intensive care unit (ICU), and to add a new 28 bed medical/surgical unit by renovating and converting existing physician outpatient clinic space. The project will increase the hospital's licensed bed complement from 581 to 625 beds for a net increase of 44 beds. The project includes approximately 28,694 square feet of renovation and 26,608 square feet of new construction. The project does not involve the initiation of new health care services. The estimated project cost is \$26,292,001. The applicant expected the 28 Med/Surg beds to open in the 1st quarter of 2016 and the 16 ICU beds to open in the 3rd quarter of 2017.

Request for an 18 month extension, from 2/1/2018 to 8/1/2019.



Jerry W. Taylor
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Suite 2300
Nashville, Tennessee 37219

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Toll-free (866) 489-8542

BURR FORMAN

November 6, 2017

James B. Christoffersen
General Counsel
Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Andrew Jackson Building
Nashville, TN 37243-0200

Re: University of Tennessee Medical Center
CN1409-042A
Request for Extension

Dear Jim,

This is to request an eighteen month extension of the above referenced CON, from the current expiration date of February 1, 2018 to August 1, 2019. This is the first request for an extension for this project.

The CON authorizes three components of expansion and renovation. Certain changes to the locations of renovations and expansions within the same buildings were determined to be better alternatives, and the proposed changes were shared with you by email on July 27, 2016. At that time you advised these changes do not require a modification of the CON. However, these changes have in part led to the need for an extension, in order to properly phase the work and minimize patient and business disruption.

Two of the three components are complete or close to completion, but additional time is needed to complete the third. The current status of each component (as numbered on the CON) is as follows:

1. This is final phase and the one for which the extension is definitely needed. Construction will begin in April, 2018 and is anticipated to be substantially complete by June 2019. Please see the attached letter from the contractor.

2. This phase is expected to be substantially complete on January 22, 2018, with a Final Life Safety Inspection to be scheduled on or about January 25, 2018. Please see the

James B. Christoffersen
November 6, 2017
Page 2

attached letter from the contractor. 16 of the 44 approved beds will be put into service at that time.

3. This phase has been completed, and 28 of the 44 approved beds have been licensed and put into service.

Although the anticipated completion date for the final phase is June 2019, the additional two months are requested to cover any unexpected contingencies.

If this request can be approved by the Executive Director, then we request such approval. If not, please place this on the agenda for the December 2017 meeting. The maximum filing fee in effect at the time the application was filed has been paid, so it is my understanding no fee is required for the extension. Please let me know if you have any questions.

Sincerely yours,

Burr & Forman LLP



Jerry W. Taylor

JOHNSON&GALYON

C O N S T R U C T I O N

November 2, 2017

Mr. Scott Castleberry
University Health Systems
Director Facilities Planning
1924 Alcoa Hwy
Knoxville, Tn 37920

**Subject: J&G Job No. 1706: Heart Hospital 6th Floor NEURO ICU
and NICU Expansion 3rd Floor East Tower**

Dear Scott:

Our current Project Schedule for the Heart Hospital 6th Floor NEURO ICU shows our substantial completion to be January 22, 2018 with a Final Life Safety Inspection to be scheduled on or about January 25, 2018.

Subsequently, we anticipate starting the NICU Expansion in the East Tower in April, 2018 and anticipate substantial completion of NICU East Tower Project June, 2019.

If you should have any questions, please do not hesitate to call.


Sincerely,

DOUG KENNEDY | Chief Executive Officer

Johnson & Galyon, Inc. 1130 Atlantic Ave., Knoxville, TN 37917 www.johnsongalyon.com



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

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ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: University of Tennessee Medical Center Certificate of Need #: CN1409-042A

Legal Owner: UHS – University Health System, Inc. Approval Date: 12-17-2014

Expiration Date: 2-1-2018

Project Description:

Hospital Expansion and Renovation, and Addition of 44 Acute Care Beds

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

The first phase of construction is now complete and the total project is 25% complete. This phase covered the portion of work outlined in item 3 of the Certificate of Need letter "the renovation of approximately 12,000 SF of existing space to convert it from non-inpatient care space to inpatient rooms." Completion of this phase is certified in attached Certificate of Occupancy dated 12-21-15 and yielded 28 of the 44 approved licensed bed increase. Item 1, Expansion and Renovation of Neonatal Intensive Care is 0% complete. Item 2, Relocation of Intensive Care Unit to a newly constructed floor of the Heart Hospital containing 16 of the 44 licensed beds approved by this CON is 20% complete. See attached written confirmation.

A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. January 2018
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.

B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.

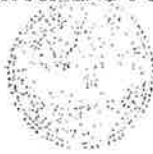
2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.

Signature of Authorized Agent or Chief Operating Officer

Date _____

STATE OF TENNESSEE
Health Services and Development Agency

FEB 10 '17 AM 9:33



Certificate of Need No. **CN1409-042A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: University Health System, Inc.
2121 Medical Center Way, Suite 200
Knoxville, TN 37920

For: University of Tennessee Medical Center (UTMC)

This Certificate is issued for: Modification of a hospital requiring a capital expenditure greater than five million dollars and the addition of forty-four licensed beds. The project includes renovation and new construction totaling approximately 55,302 SF in the following areas:

- 1) The expansion and renovation of its Neonatal Intensive Care Unit (NICU) consisting of approximately 9,758 SF of new construction and renovation of 15,432 SF;
- 2) The addition of approximately 16,850 SF of new space and renovation of approximately 1,262 SF of existing space, which will house a new addition to the Intensive Care Unit (ICU); and
- 3) The renovation of approximately 12,000 SF of existing space to convert it from non-inpatient care space to inpatient rooms.

Twenty-eight of the 44 beds are anticipated to be allocated as Medical/Surgical beds and 16 as ICU beds. The project will increase the licensed bed capacity from 581 to 625.

On the premises located at: 1924 Alcoa Highway
Knoxville, (Knox County), TN 37920

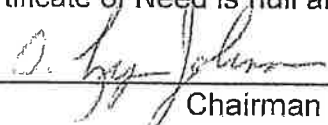
For an estimated project cost of: \$26,292,001.00

The Expiration Date for this Certificate of Need is

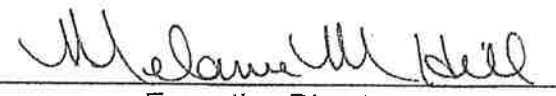
February 1, 2018

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: December 17, 2014


Chairman

Date Issued: January 28, 2015


Executive Director



Health

FEB 10 '17 AM 9:33

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH LICENSURE AND REGULATION
OFFICE OF HEALTH CARE FACILITIES
665 Mainstream Drive, Second Floor
Metro Center
Nashville, TN 37243
www.tennessee.gov/health
6157417221 or 1-800-778-4504

December 21, 2015

Joseph R. Landsman, Jr.
The University of Tennessee Medical Center
1924 Alcoa Highway
Knoxville, TN 37920

Facility Type: Hospital
License Number: 46

Dear Administrator:

Occupancy approval is hereby granted for a 28 Bed Acute Care Unit to include; 6 South Wing with 28 total private rooms (3 handicap accessible with one bariatric room), nurses station with a sound proof "furniture" partition wall enclosure, two (2) supply rooms, one (1) equipment room, one (1) soiled utility room, one (1) IT room, one (1) mechanical room, one (1) electrical room, and ancillary spaces consisting of 12, 853 square feet; effective December 21, 2015. (Note: This approval does not relieve the owner or architect of the responsibility for any code deficiency which may have been missed during the plans review or any subsequent regional office inspections). This occupancy approval increases the bed complement of your facility from 581 to 609. The certificate of need number is CN1409-042A and the project number is 2015-05-12-01.

An updated license will be forwarded to your facility within the next seven to ten business days.

For certification purposes please be advised, it is your responsibility to contact your Health Care Facility's regional office to request Medicare/Medicaid participation. The East Tennessee Regional Office phone number is (865) 594-9396.

Please contact me if I can be of further assistance.

Sincerely,

Eddie J. Stewart, ABA
Health Facilities Program Manager
Office of Health Care Facilities
Licensure Section

cc: East Tennessee Regional Administrator
Health Services and Developmental Agency
Nerissa Harvey, Policy Planning and Assessment
Lonnice Matthews, Division of Health Statistics
Nora Sewell, Tennessee Hospital Association
Medicaid Provider Enrollment
Alyssa Chase, MHA, HCQIP, Director, QSource
Bill Harmon, Plans Review
Dee Willis, Information Technology Services Division



January 6, 2017

University Health Systems, Inc
Attn: Scott Castleberry
Director of Facilities Planning
And Construction Services
1920 Alcoa Hwy
Knoxville, Tn 37920

**Subject: J&G Job No. 1620-Heart Hospital Expansion Shell
Progress Report**

Dear Scott:

Please be advised our anticipated Project Completion Date for this project is December 2017.

Project is tracking on schedule and we are approximately 20% complete. Structural Steel framing is 75% complete with concrete floor slabs substantially completed on the 6th and 7th Floors. Fireproofing continues on the 5th and 6th Floors. MPE rough-ins have started along with metal stud framing of the exterior walls. There are no outstanding issues at this time.

If you should have any questions, please do not hesitate to call.

Very truly yours,

JOHNSON & GALYON, INC.

A green ink signature of Len Miszkief, written in a cursive style.

Len Miszkief
Senior Project Manager



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

January 28, 2015

Jerry W. Taylor, Esq.
Stites & Harbison, PLLC
SunTrust Plaza, Suite 800
401 Commerce Street
Nashville, TN 37219

RE: University of Tennessee Medical Center (UTMC) - CN1409-042A

Dear Mr. Taylor:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the December 17, 2014 meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "*The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, lithotripters, magnetic resonance imagers, linear accelerators and positron emission tomography.*" "*The survey shall include but not limited to the identification of the equipment and utilization data according to source of payment.*"

The aforementioned forms can be found on the Agency's website at www.tennessee.gov/HSDA. Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill".

Melanie M. Hill
Executive Director

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN1409-042A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

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2121 Medical Center Way, Suite 200
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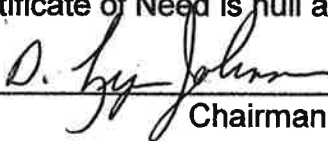
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The Expiration Date for this Certificate of Need is

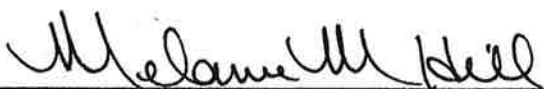
February 1, 2018

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: December 17, 2014


Chairman

Date Issued: January 28, 2015


Executive Director